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**深圳高速公路股份有限公司**  
**SHENZHEN EXPRESSWAY COMPANY LIMITED**

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 00548)

**2009 Interim Results Announcement**

The Board is pleased to announce the unaudited results of the Group for the six months ended 30 June 2009, prepared in accordance with HKFRS, together with comparative figures for the corresponding period in 2008, as follows:

**Condensed consolidated interim income statement**

	Note	Six months ended 30 June	
		2009	2008
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	966,196	1,757,758
Business tax and surcharges	5	(19,938)	(16,753)
Cost of services	5	(666,663)	(1,449,594)
<b>Gross profit</b>		<b>279,595</b>	291,411
Other (loss)/gains - net		(2,144)	594
Administrative expenses	5	(26,604)	(17,391)
<b>Operating profit</b>		<b>250,847</b>	274,614
Finance income	6	3,721	1,396
Finance costs	6	(133,482)	(117,293)
Share of post-tax profit of jointly controlled entities		174,390	149,844
Share of post-tax profit/(loss) of associates		39,440	(639)
<b>Profit before income tax</b>		<b>334,916</b>	307,922
Income tax expenses	7	(19,220)	(27,071)
<b>Profit for the period</b>		<b>315,696</b>	280,851
<b>Total comprehensive income for the period</b>		<b>315,696</b>	280,851

		<b>Six months ended 30 June</b>	
		<b>2009</b>	<b>2008</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit and total comprehensive income attributable to:</b>			
		<b>313,409</b>	284,291
		<b>2,287</b>	(3,440)
		<b>315,696</b>	280,851
<b>Earnings per share for profit attributable to equity holders of the Company</b> (expressed in RMB per share)			
		<b>0.144</b>	0.130
		<b>0.144</b>	0.130
		-	-
<b>Dividends</b>			
<b>Condensed consolidated interim balance sheet</b>			
		<b>As at</b>	<b>As at</b>
		<b>30 June</b>	<b>31 December</b>
		<b>2009</b>	<b>2008</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
		<b>1,034,561</b>	696,976
		<b>17,844</b>	18,132
		<b>39,284</b>	267,562
		<b>14,095,649</b>	13,777,469
		<b>13,981</b>	15,912
		<b>1,303,474</b>	1,264,681
		<b>1,303,013</b>	1,212,980
		<b>3,485</b>	-
		<b>17,811,291</b>	17,253,712
<b>Current assets</b>			
		<b>3,559</b>	3,075
		<b>1,105,843</b>	323,626
		<b>10,180</b>	140,580
		<b>771,269</b>	536,293
		-	6,292
		<b>1,890,851</b>	1,009,866
		<b>19,702,142</b>	18,263,578
<b>Total assets</b>			

	<i>Note</i>	<b>As at 30 June 2009 RMB'000 (Unaudited)</b>	<b>As at 31 December 2008 RMB'000 (Audited)</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		2,180,700	2,180,700
Other reserves		3,594,861	3,594,861
Retained earnings			
– Proposed final dividend		-	261,684
– Others		1,323,522	1,010,113
		<u>7,099,083</u>	<u>7,047,358</u>
<b>Minority interest</b>		<u>707,070</u>	<u>704,783</u>
<b>Total equity</b>		<u>7,806,153</u>	<u>7,752,141</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		7,406,763	6,903,730
Deferred income tax liabilities		373,355	390,279
Provision for maintenance/resurfacing obligations		364,523	304,133
		<u>8,144,641</u>	<u>7,598,142</u>
<b>Current liabilities</b>			
Other payables and accrued expenses	11	2,715,228	1,735,603
Derivatives		1,204	-
Current income tax liabilities		63,561	58,716
Borrowings		971,355	1,118,976
		<u>3,751,348</u>	<u>2,913,295</u>
<b>Total liabilities</b>		<u>11,895,989</u>	<u>10,511,437</u>
<b>Total equity and liabilities</b>		<u>19,702,142</u>	<u>18,263,578</u>
<b>Net current liabilities</b>		<u>(1,860,497)</u>	<u>(1,903,429)</u>
<b>Total assets less current liabilities</b>		<u>15,950,794</u>	<u>15,350,283</u>

Notes:

## **1 Basis of preparation**

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting". The PRC statutory financial statements of the Group have been prepared in accordance with the Accounting Standards for Business Enterprises (2006) of the People's Republic of China ("CAS"). Appropriate restatements have been made to the PRC statutory financial statements to conform with Hong Kong Financial Reporting Standards ("HKFRS").

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with HKFRS.

The Group reported net current liabilities of approximately RMB1.86 billion as at 30 June 2009. The directors of the Company made an assessment and concluded that there is no going concern issue based on the facts that the Group has been generating positive and increasing operating cash flows and it has not experienced any difficulties in renewing its banking facilities and there is no evidence indicating that the banks will not renew the facilities. In addition, the Group had unutilised banking facilities of approximately RMB6.8 billion at 30 June 2009 in order to meet its obligations and commitments. Consequently, the interim financial information has been prepared by the directors of the Company on a going concern basis.

## **2 Accounting policies**

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in 2008 annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

## **3 Changes in critical accounting estimate and assumptions**

In the second quarter of 2009, the Group has reviewed and adjusted amounts and timing of expenditures expected to incur for the major maintenance and resurfacing to be undertaken throughout the allowed operating periods of some principal toll roads operated by the Group. Meanwhile, as affected by the downward trend of the market interest, the Group has adjusted the discount rate adopted in calculating provision for maintenance/resurfacing obligations from 10% to 6.62% in order to reflect the time value of the provision on a more reasonable basis. The provision for maintenance/resurfacing obligations has been adjusted prospectively based on the updated maintenance/resurfacing plans and updated discount rate since 1 April 2009. This change in accounting estimate resulted in increase of net profit for the six months ended 30 June 2009 amounting to RMB47,681,000.

## **4 Segment information**

As at 30 June 2009, the Group reassessed its operations to be organized in two main reportable segments:

- Toll roads operations;
- Construction under service concessions

Other operations mainly comprise provision of advertising services, construction management services and others. There has been no sales being carried out between segments. None of these operations constitutes a separately reportable segment.

<b>Business segment</b>	<b>Toll roads operations</b>	<b>Construction under service concessions</b>	<b>All other segments</b>	<b>Unallocated</b>	<b>Group</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Six months ended 30 June 2009</b>					
Revenue (from external customers)	523,375	410,307	32,514	-	966,196
Profit before interest, tax, depreciation and amortization	384,361	-	10,728	201,171	596,260
Depreciation and amortisation	119,521	-	3,581	4,193	127,295
Finance income	-	-	-	3,721	3,721
Finance costs	(99,548)	-	-	(33,934)	(133,482)
Share of post-tax profit of jointly controlled entities	174,390	-	-	-	174,390
Share of post-tax profit of associates	39,367	-	73	-	39,440
Income tax expenses	(29,032)	-	-	9,812	(19,220)
Additions to non-current assets other than deferred tax assets	127,551	410,307	902	14,965	553,725
<b>Six months ended 30 June 2008</b>					
Revenue (from external customers)	460,424	1,263,194	34,140	-	1,757,758
Profit before interest, tax, depreciation and amortization	356,327	-	10,561	159,412	526,300
Depreciation and amortisation	88,916	-	1,715	2,291	92,922
Finance income	-	-	-	1,396	1,396
Finance costs	(124,864)	-	-	7,571	(117,293)
Share of post-tax profit of jointly controlled entities	149,844	-	-	-	149,844
Share of post-tax loss of associates	(646)	-	7	-	(639)
Income tax expenses	(36,125)	-	-	9,054	(27,071)
Additions to non-current assets other than deferred tax assets	301,784	1,263,194	2,310	9,870	1,577,158
<b>As at 30 June 2009</b>					
Assets	16,036,578	468,221	120,029	3,077,314	19,702,142
Liabilities	1,503,027	1,070,277	428,257	8,894,428	11,895,989
<b>As at 31 December 2008</b>					
Assets	10,671,147	4,083,400	143,344	3,365,687	18,263,578
Liabilities	798,991	1,036,801	41,979	8,633,666	10,511,437

The Group is domiciled in the PRC. All revenue of the Group from external customers are generated in the PRC. Thus no geographic information is presented.

At 30 June 2009, the total of non-current assets other than deferred tax assets (there are no financial instruments, and employment benefit assets and rights arising under insurance contracts) located in the PRC is RMB 17,131,690,000 (31 December 2008: RMB 16,621,104,000), and the total of these non-current assets located in other region (i.e. Hong Kong) is RMB 676,116,000 (31 December 2008: RMB 632,608,000).

For the six months ended 30 June 2009, revenues of approximately RMB337,696,000 (for the six months ended 30 June 2008: RMB1,003,088,000) are derived from a single external customer. These revenues are attributable to construction under service concession.

## 5 Expenses by nature

	Note	Six months ended 30 June	
		2009 RMB'000	2008 RMB'000
Construction costs under service concessions	(a)	410,307	1,253,562
Business tax and surcharges		19,938	16,753
Depreciation and amortisation		127,295	92,922
Employee benefit expenses		45,013	36,655
Road maintenance expenses		16,944	21,172
Provision for maintenance/resurfacing obligations		47,474	21,321
Other expenses		46,234	41,353
Total cost of services and administrative expenses		<u>713,205</u>	<u>1,483,738</u>

(a) This represented the construction costs recognised for the period associated with the construction and upgrade services provided under the service concessions using the percentage of completion method.

## 6 Finance income and finance costs

	Six months ended 30 June	
	2009 RMB'000	2008 RMB'000
<b>Finance income</b>		
Interest income from bank deposits	<u>3,721</u>	<u>1,396</u>
<b>Finance costs</b>		
Interest on bank and other borrowings	181,932	138,338
Interest on convertible bonds and corporate bonds	58,649	55,522
Less: interest expenses capitalised in construction project	<u>(119,448)</u>	<u>(80,290)</u>
	121,133	113,570
Other interest expenses (a)	12,916	11,886
Other borrowing costs	284	1,605
Net foreign exchange gains	<u>(851)</u>	<u>(9,768)</u>
	<u>133,482</u>	<u>117,293</u>

(a) Increase of provision for maintenance/resurfacing obligations due to passage of time.

## 7 Income tax expenses

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Current income tax		
- PRC enterprise income tax	39,629	37,930
Deferred income tax		
- Origination and reversal of temporary differences	(20,409)	(10,859)
	<u>19,220</u>	<u>27,071</u>

The New Tax Law was effective from 1 January 2008. According to the new CIT Law and the relevant regulations, the income tax rate applicable to the Company and all of its subsidiaries established in the PRC will be gradually increased to 25% over a five-year period from 2008 to 2012. The rates are 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012.

The PRC enterprise income tax charged to the current period income statement has been calculated based on assessable profits of the Company and its subsidiaries located in the PRC of the period at rates of tax applicable to the respective companies of 20% (2008: 18%).

The applicable tax rate to Mei Wah Company, a subsidiary of the Company incorporated in Hong Kong, is 16.5% (2008: 16.5%). No provision for Hong Kong profits tax has been made for the period since the Group has no income assessable under Hong Kong profits tax.

## 8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	313,409	284,291
Number of ordinary shares in issue (thousands)	2,180,700	2,180,700
Basic earnings per share (RMB per share)	0.144	0.130

The Company had no diluted potential shares in both 2008 and 2009 interim periods and the diluted earnings per share presented is the same with basic earnings per share.

In 2007, the Company issued convertible bonds with attached warrants subscription rights. Though the contingently issuable shares of the Company due to the exercise of the warrants subscription rights by the bonds holders may potentially dilute basic earnings per share in the future, the exercise price of those rights was higher than the prevailing share price of the Company as at 30 June 2009 and therefore, they were not included in the calculation of diluted earnings per share for the period.

## 9 Dividends

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2009 (2008: Nil).

A 2008 final dividend of RMB0.12 (2007: RMB0.16) per ordinary share, totaling RMB261,684,000 (2007: RMB348,912,000) was approved by the shareholders at the Annual General Meeting of the Company.

## 10 Trade and other receivables

		<b>As at</b>	<b>As at</b>
	Note	<b>30 June 2009</b>	<b>31 December 2008</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables	(a)	170,079	166,883
Other receivables	(b)	877,463	150,084
Prepayments		58,301	4,252
Interest receivables		-	2,407
		<u>1,105,843</u>	<u>323,626</u>

- (a) Trade receivables mainly included construction management service income due from the Shenzhen Transportation Bureau amounting to RMB138,460,000 (31 December 2008: RMB137,585,000).

The aging analysis of trade receivables was as follows:

		<b>As at</b>	<b>As at</b>
		<b>30 June 2009</b>	<b>31 December 2008</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year		38,454	33,144
1 to 4 years		131,625	133,739
		<u>170,079</u>	<u>166,883</u>

- (b) Other receivables at 30 June 2009 mainly included RMB847,369,000 paid for the construction of Coastal Expressway (Shenzhen Section) on behalf of Shenzhen Local Government (31 December 2008: RMB120,928,000)

- (c) Due to the fact that the Group is mainly engaged in toll road operations, its income is mainly received in cash and it usually does not maintain any accounts receivable balances. Accordingly, the Group does not have any specified credit period for its customers. Accounts receivables at 30 June 2009 mainly included the amounts due from the Local Government, which exposed to limited credit risk.

## 11 Other payables and accrued expenses

This included a loan from SIHCL, concerning Coastal Expressway (Shenzhen Section) managed by the Company on behalf of Shenzhen Local Government. Coastal Expressway (Shenzhen Section) is invested by Shenzhen Local Government and the Company provides project management services for construction, operation and maintenance of the Yanjiang Project for Shenzhen Local Government. The Company received the loan of RMB1,190,000,000 granted from SIHCL, on behalf of the government authority (31 December 2008: RMB300,000,000)

## 12 Contingent liabilities

- (a) Projects construction management contracts

The Company has entered into certain project construction management contracts with government authorities. For Nanping (Phase II) and Shenyun Project in Shenzhen, the Company had arranged with banks to issue irrevocable performance guarantees on its behalf to the Shenzhen Communications Bureau amounting to RMB50,000,000 and RMB1,000,000 respectively.

The Company has entered into a project construction management contract. For this project, the Company had arranged a bank to issue irrevocable performance guarantees on its behalf to Baotong Company amounting to RMB500,000.



On 8 December 2004, the Company signed a construction contract (“the Contract”) with Shenzhen Pengcheng Construction Company Limited (“Shenzhen Pengcheng”) for Nanping (Phase I). As disputes concerning the unit prices of some items under the Contract arose that were not resolved by mutual agreement, Shenzhen Pengcheng applied for arbitration to Shenzhen Arbitration Commission against the Company in 2008. As of the date of approval of this financial information, the arbitration process was still in progress. The directors had sought advice from the legal counsel and concluded that the result of the arbitration would not lead to any significant adverse impact on the Company’s operating results.

(b) Contingent liabilities relating to enterprise income tax

As explained in more details in the 2008 annual financial statements, according to the demand by the Shenzhen Local Tax Bureau (the “Local Tax Bureau”), the Group had made a provision for enterprise income tax at 31 December 2008 in the amount of RMB39,236,000. As of the date of approval of this financial information, no formal notice of reassessment/waiver had been issued by the Local Tax Bureau and other relevant authorities. The amount of any related penalty could not be ascertained with reasonable certainty. Thus no change has been made to the provision for the enterprise income tax liabilities and no provision has been made for the potential penalty.

**13 Reconciliation of interim financial information**

The Group has prepared a separate set of unaudited interim financial information for the six months ended 30 June 2009 in accordance with the CAS. The differences between the financial information prepared under the CAS and HKFRS are summarised as follows:

	<b>Unaudited</b>	
	<b>Profit attributable to equity holders of the Company for the six months ended 30 June 2009</b>	<b>Equity attributable to equity holders of the Company as at 30 June 2009</b>
	<b>RMB’000</b>	<b>RMB’000</b>
<b>As per PRC statutory financial statements</b>	313,409	7,056,618
<b>Impact of HKFRS adjustments:</b>		
Adjustments arising from adoption of IFRIC 12		
- Profit recognition for construction services and amortisation of concession intangible assets	-	42,465
	-	42,465
<b>As restated after HKFRS adjustments</b>	<b>313,409</b>	<b>7,099,083</b>

## INTERIM RESULTS AND DIVIDENDS

In accordance with HKFRS, during the Reporting Period, the Group recorded a revenue of RMB966 million, representing a decrease of 45.03% as compared to the corresponding period of 2008. Profit attributable to equity holders of the Company during the Reporting Period amounted to RMB313 million, whereas earnings per share was RMB0.144, representing an increase of 10.24% as compared to the corresponding period of 2008. For details, please refer to “Financial Review and Analysis” below.

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2009 (2008: Nil), nor does it recommend any transfer of capital reserve to share capital.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Business Review and Analysis

The Group’s earnings are mainly contributed from toll highway operation, investment and management. Currently, the Group operates and invests 16 toll highway projects in Shenzhen, other regions of Guangdong province and other provinces of the PRC; and the Group is entrusted with the construction and management of 4 projects and operation and management of 1 project. During the Reporting Period, the operating results of the projects were generally in line with anticipation. A summary of the underlying business operations is as follows:

#### 1. Toll Highway Operations

Toll highway	Percentage of interests held by the Group	Percentage of revenue consolidated	Average daily mixed traffic volume ('000 vehicles)			Average daily toll revenue (RMB'000)		
			January to June 2009	January to June 2008	YOY changes	January to June 2009	January to June 2008	YOY changes
<b>Shenzhen region:</b>								
Meiguan Expressway	100%	100%	93	90	2.9%	769	773	-0.5%
Jihe West	100%	100%	67	67	0.6%	890	938	-5.1%
Yanpai Expressway	100%	100%	30	31	-4.5%	340	394	-13.8%
Yanba Expressway	100%	100%	15	11	31.9%	191	166	14.5%
Nanguang Expressway Note 1	100%	100%	26	12	108.7%	244	147	66.0%
Jihe East	55%	-	87	91	-3.9%	1,169	1,219	-4.1%
Shuiguan Expressway	40%	-	107	105	2.4%	971	985	-1.5%
Shuiguan Extension	40%	-	29	27	5.3%	180	173	4.1%
<b>Subtotal</b>			<b>454</b>	<b>434</b>	<b>4.6%</b>	<b>4,754</b>	<b>4,795</b>	<b>-0.9%</b>
<b>Other regions in Guangdong Province:</b>								
Yangmao Expressway	25%	-	21	20	4.8%	995	973	2.3%
Guangwu Project	30%	-	11	10	13.9%	295	275	7.5%
Jiangzhong Project	25%	-	48	46	3.8%	677	667	1.4%
GZ W2 Expressway	25%	-	11	9	22.1%	372	281	32.2%
<b>Subtotal</b>			<b>91</b>	<b>85</b>	<b>7.0%</b>	<b>2,339</b>	<b>2,196</b>	<b>6.5%</b>
Qinglian Project <sup>Note 2</sup>	76.37%	100%	27	13	105.8%	458	132	246.6%
<b>Other provinces in the PRC:</b>								
Wuhuang Expressway	55%	-	32	29	11.4%	1,077	1,014	6.3%
Changsha Ring Road	51%	-	7.2	6	24.7%	62	58	8.4%
Nanjing Third Bridge	25%	-	20	19	6.1%	656	661	-0.8%
<b>Subtotal</b>			<b>59</b>	<b>54</b>	<b>11.0%</b>	<b>1,795</b>	<b>1,733</b>	<b>3.7%</b>

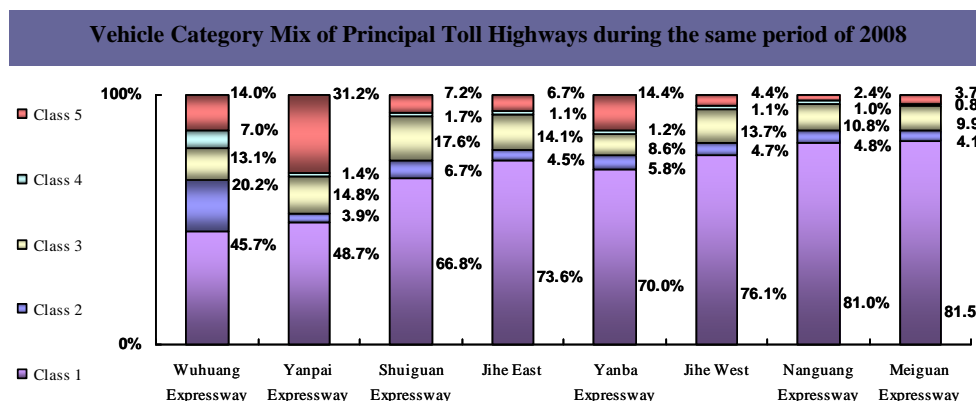
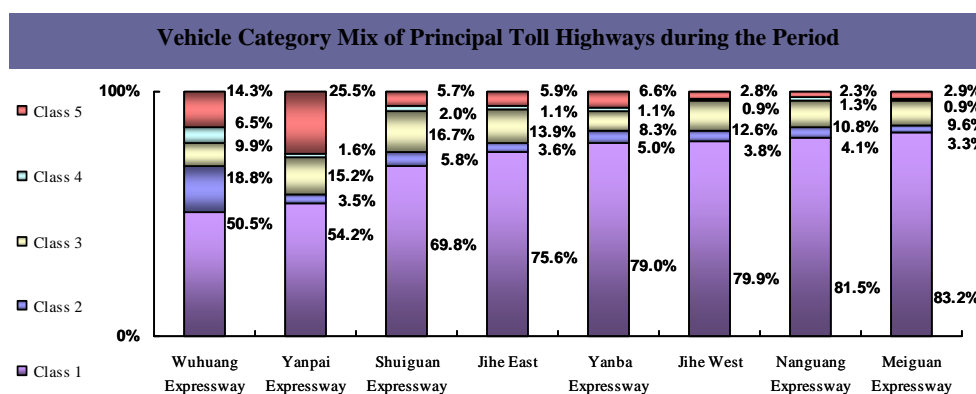
Note 1: Nanguang Expressway opened to traffic in late January 2008, and given the lower figures of the same period last year, the project recorded a higher YOY growth as compared to the average of projects in Shenzhen region.

Note 2: Qinglian Project includes Qinglian Class I Highway and Qinglian Class II Highway. Of which, Qinglian Class I Highway was fully opened during the Reporting Period, whereas it was in the stage of construction during the same period of 2008, and therefore the information on it was not comparable. In addition, as the open toll model of first class roads differs from the closed toll model of expressways, the statistical method for the traffic volume data of the Qinglian Project during the Reporting Period is different from other projects and is for reference only.

As seen from the table above, the operating results of the Group's toll highways generally remained stable during the Reporting Period, with the major influencing factors as follows:

◆ **Macroeconomic control measures showed preliminary effects amidst slowdown in macroeconomic growth.** The operating results of toll highways closely relate to the macro economy. Affected by the global financial crisis, the PRC economy recorded a slower growth in the fourth quarter of 2008. Responding to the impact of the financial crisis, the central and local governments have promulgated a series of policies to boost the domestic demand and stimulate the economy. During the first half of 2009, even though the impact of the financial crisis still exist, the economic stimulus policies gradually showed effects with the PRC economy lodging an overall recovery trend. According to data published by the Statistics Bureau, the national GDP gained a 7.9% growth for the second quarter of 2009, representing an increase of 1.8 percentage points over the first quarter. Major benchmarks that reflect traffic demand such as cargo turnover and passenger turnover in the Shenzhen region also showed steady growths. As such, the Group's toll highway projects posted generally steady operating results during the Reporting Period, with most of the projects showing trends of a YOY growth for the second quarter.

◆ **Changes in vehicle category mix.** Due to a sluggish macro economy and weak exports, the traffic volume of medium-size and large-size vehicles shrunk considerably. On the other hand, the ownership of vehicle population continued to grow under the promulgation and implementation of policies to boost the domestic demand and enhance vehicle consumption, with the small-size vehicles (especially class 1 vehicles) accounting for a greater weight as to the proportion to the total traffic volume and their contribution to the toll income. As such, the growth in average daily toll revenue was lower than the growth in traffic volume for most of the Group's projects, and the average toll revenue per vehicle recorded a decrease. The Group's vehicle category mix on various major highways is as follows:



◆ **Impact of the “Green Passage Toll Free Policy” continued without significant changes.** During the Reporting Period, Jihe Expressway, Wuhuang Expressway, Yangmao Expressway, Nanjing Third Bridge and other projects continued to implement the “Green Passage Toll Free Policy” for fresh agricultural products in accordance with the requirements of the relevant government departments. During the Reporting Period, toll fees waived from these projects amounted to approximately RMB54,740,000 (2008: RMB52,144,000), while income and profits of the Group during Reporting Period decreased by approximately RMB3,690,000 and RMB13,004,000 (2008: RMB3,812,000 and RMB12,013,000) respectively.

◆ Apart from the general impact of the external economic environment and policies, the actual operating results of projects in different provinces also varied as they were subject to different local economic characteristics, functions, years of opening to traffic and neighboring road networks. A further analysis by region is as follows:

#### **Shenzhen region**

Shenzhen and the peripheral regions are relatively dependent on the external factors. As the external demand weakened under the global financial crisis, economic and trading activities in the region were subject to greater impact. According to data published by the Statistics Bureau of Shenzhen, benchmarks in Shenzhen such as total import/export volume, port throughput and container throughput recorded YOY decreases of 18.1%, 16.9% and 20.6% respectively during the Reporting Period. Against this background, the container truck traffic volume of Jihe Expressway, Yanpai Expressway, Yanba Expressway, Shuiguan Expressway and other roads recorded a greater decrease over the same period of 2008. On the other hand, the average daily traffic volume and average daily toll revenue from project in the Shenzhen region of the second quarter were higher than that of the first quarter under the stimulation by approximately 90,000 new automobiles during the first half of 2009 in Shenzhen and the narrowing decrease in port turnover in Shenzhen since March.

Changes in the regional network layout and maintenance of peripheral roads were other major factors that affected the operating results of the toll expressways. During the first half of 2008, construction works on Shenyang Pathway 2 has affected the income of Yanba Expressway to a certain extent, but since the completion and opening to traffic of the pathway since 4 July 2008, the pathway has enhanced the peripheral network of Yanba Expressway and thereby brought about a YOY increase of 32% and 15% in the average daily traffic volume and average daily toll revenue of Yanba Expressway during Reporting Period respectively.

Nanguang Expressway opened to traffic in January 2008, and given the lower operating figures of the same period last year after initial opening, the project recorded a higher YOY growth in its average daily traffic volume and toll revenue for the Reporting Period. On the other hand, since the commencement of operation of Nanguang Expressway, the Company has adopted a series of targeted promotion and marketing measures that have gradually shown effects, and Nanguang Expressway became more widely known to the road users. Upon completion of Nanping (Phase II) in the future, Nanguan Expressway will be connected with Shenzhen-Hong Kong Western Corridor and the Shenzhen western port area, and the synergies created by the connection of road networks would lead to better operating results.

#### **Other regions in Guangdong Province**

During the Reporting Period, the four projects invested by the Company as a minority shareholder in other regions of Guangdong Province have all recorded growth in operating performance. Among these projects, benefited from increased popularity and the diversion from Guangzhou North Ring Road where large-size vehicles were prohibited from traveling during certain hours, GZ W2 Expressway maintained a strong growth during the Reporting Period, with its toll revenue having increased by approximately 32% over the same period of 2008.

Road surface works for the reconstruction into an expressway for the main part (Fengtouling-Lianzhou section and Fengbu-Jingkou section) of Qinglian Project was completed in December 2008 and traffic had fully resumed. During the Reporting Period, as sealing works were still under way, the section continued to collect toll fees according to the standard of first class highway, and its operating results were generally in line with the anticipation of the Company. The above completed section started to collect toll fees according to the standard of expressway since 1 July 2009. Pursuant to the approval of the relevant government department, the term of toll collection of Qinglian Project at an expressway level was 25 years, subject to the prevailing toll standard of 4-lane expressway of Guangdong Province, and the basic vehicle toll fee was RMB0.45/standard vehicle kilometer. The toll mileage of the completed section of Qinglian Expressway was approximately 188km, the average daily toll revenue was approximately RMB680,000 in July 2009.

### **Other provinces in the PRC**

During the Reporting Period, the traffic volume of the three toll highway projects invested by the Group in other provinces in the PRC showed an increase over the same period last year. On the one hand, this was attributable to the lower operating figures recorded during the corresponding period last year under the impact of natural disasters suffered by the projects in early 2008. On the other hand, the economic activities in the regions in which the projects are located were subject to lesser influence of the global financial crisis and the weak import/export trading. During the Reporting Period, the expressway network in Hubei Province was further enhanced, and Wuhuang Expressway also opened the new Huangshi toll station. Both have improved the traffic environment and positively augmented the operating results of the project. Since June 2009, Hubei Province further specified the standards and scopes of implementation of the “Green Passage Toll Free Policy” which would help to minimize the loss of toll revenue for the project. However, as Hubei Province waived the toll of government debt-repaying Class II highway since 1 May 2009 and given the opening of the Wuhan-Hefei railway, the project suffered from traffic diversion to a certain extent.

## **2. Project Construction and Development**

To further enlarge its scale of assets and profit basis and to increase recurrent cash revenue, the Company contracted for acquisition of 45% additional interests in Jihe East. Details related is available in the announcement of the Company dated 2 June 2009 and the circular of the Company dated 23 June 2009. The transaction has not been completed as at the date of this report.

Road surface works for the reconstruction into an expressway for the main part (Fengtouling-Lianzhou section and Fengbu-Jingkou Section) of Qinglian Project was completed in December 2008, and sealing works, construction of ancillary road, installation of mechanical engineering and road safety facilities and other engineering and finishing works for the reconstruction into an expressway were completed during the Reporting Period. Please refer to the relevant description under point 1 headed “Toll Highway Operations” above for the operating results of the above completed highway section. Due to adjustments to the planning of connecting road network, the Lianzhou-Fengbu section of Qinglian Project (“Liannan Section”) has commenced reconstruction into an expressway since the second quarter of 2009. By now, the reconstruction work has completed the preliminary design and approval as well as the controlled land requisition, demolition and relocation works, and was basically proceeding as planned. As at the end of the Reporting Period, Liannan Section has completed the slope, culvert and passageway works and commenced the road surface works. The reconstruction work is planned to be completed in two years.

To meet the demands of the fast-growing traffic volume of the highway in the Shenzhen region, the Group intends to expand Meiguan Expressway and Shuiguan Expressway and is currently conducting the preliminary studies for Outer Ring Expressway. During the

Reporting Period, the water and soil conservation proposal for the expansion of Meiguan Expressway has been officially approved by the Department of Water Resources of Guangdong Province, and the inquisitional procedures for project land use are underway. Since the expansion proposal for the section south to Qinghu of Meiguan Expressway is subject to adjustments, the Company intends to divide the project into south and north sections for separate construction, but the relevant arrangements have not been finalized. Preliminary design for the expansion of Shuiguan Expressway has been approved by the Department of Communications of Guangdong Province, and the expansion work will be undertaken by Qinglong Company. The water and soil conservation proposal, evaluation of geological hazard and reports on seismic safety of Outer Ring Expressway have obtained the relevant approvals. The Company will further determine the concrete investment proposal and work arrangements through necessary decision-making in accordance with the actual progress of these projects.

### **3. Entrusted Management Business**

In November 2007, the Company was entrusted by the government as the project administrator of Nanping (Phase II) and Shenyun Projects, under which the Company will be responsible for the management during the period of drawing design stage of the projects, as well as the construction and management of the projects during the construction preparation period, construction period and defects responsibility period (excluding land requisition, demolition and relocation). As determined by Shenzhen Municipal Government, the Company is also responsible for the construction management of Hengping Link Section. During the Reporting Period, the construction progress and construction costs of Shenyun Project and Nanping (Phase II) were basically consistent with expectations. The progress of certain contracted sections of Nanping (Phase II) was behind schedule as the result of land requisition, demolition and relocation and planning adjustments. However, such delay will not incur performance obligations of the Company under entrusted construction agreements.

The Shenzhen Municipal Government has agreed in principle to entrust the Company to undertake the construction, management of operation and maintenance for Coastal Expressway (Shenzhen Section), and the Board has agreed in principle to be entrusted to undertake the relevant management of the project. On this basis, the Company has conducted due negotiations with the relevant parties during the Reporting Period, and has basically agreed in principle on the entrusted project management. The Company intended to be entrusted by SIHCL to manage 深圳市廣深沿江高速公路投資有限公司(Shenzhen Guangshen Coastal Expressway Investment Company Limited) for the construction and/or operation management of Coastal Expressway (Shenzhen Section). The Company will also continue to conduct in-depth discussions with the relevant parties in respect of the specific matters, standards and risk allocation of entrusted operation management during the construction period and operation period. The detailed and specific entrusted construction management agreement and entrusted operation management agreement will be submitted to the Board for approval upon finalization. As at the end of the Reporting Period, the land requisition, demolition and relocation works of the project were basically completed, and the project commencement report was approved. Relevant works are progressing systematically.

In addition, the Company has also accepted the entrustment of Shenzhen International to undertake the operation management of Longda Expressway and the construction management of the extension of Longda Expressway in the form of equity management. Details related is available in the announcement of the Company dated 21 May 2009.

## **II. Financial Review and Analysis**

In the first half of 2009, the Group's operating results basically met the Company's expectation. Profit attributable to equity holders of the Company ("Profit") amounted to RMB313,409,000, representing an increase of 10.24% over the same period of 2008 (the same period of 2008: RMB284,291,000).

Since 1 April 2009, the Group made adjustments to the provisions for maintenance/resurfacing obligations to principal toll highways based on the review results of the highway maintenance/resurfacing programs and discount rates, and began to make provisions for maintenance/resurfacing obligations to Nanguang Expressway, which led to an increase in operating costs and investment income and a decrease in finance costs of the Group during the year, but had no material impact on the total assets, financial position and profitability of the Group as a whole. Please refer to the relevant statements in the following sections of “Analysis of Operating Results” and “Change of Accounting Estimates” for details.

Excluding the related figures of the provisions for maintenance/resurfacing obligations for the Reporting Period and the same period of 2008, Profit of the Group for the Reporting Period would amount to RMB298,589,000, representing a decrease of approximately 7.61% over the same period of 2008 (the same period of 2008: Profit of RMB323,180,000 after provisions for maintenance/resurfacing obligations). During the Reporting Period, the functions of road network for Nanguang Expressway have been improved and Qinglian Class 1 Highway resumed traffic upon the completion of road surface of reconstruction into expressway, toll revenue of these two projects witnessed a rapid growth. Being affected by a slowdown in macroeconomic growth, an increase in operating costs and an increase in expensed borrowing interests, there is a slight decrease in the Group’s operating results for the Reporting Period as compared to the same period of 2008.

## (I) Analysis of Operating Result

### 1. Revenue

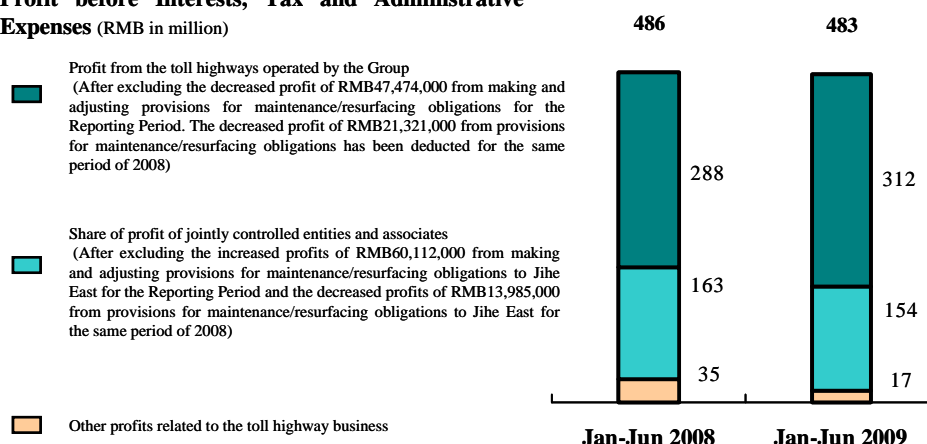
During the Reporting Period, the Group recorded revenue of RMB966,196,000, representing a decrease of 45.03% over the same period of 2008 (the same period of 2008: RMB1,757,758,000). Toll revenue and revenue from construction services under concession arrangements are the two main sources of the Group’s revenue. Out of this amount, toll revenue recorded an increase of 13.67% over the same period of 2008 while revenue from construction services under concession arrangements recorded a decrease of 67.52%. A detailed analysis of revenue is as follows:

Revenue item	The Period (RMB'000)	Percentage	The same period of 2008 (RMB'000)	Percentage	Change
Toll revenue	523,375	54.17%	460,424	26.19%	13.67%
Revenue from construction services under concession arrangements	410,307	42.47%	1,263,194	71.87%	-67.52%
Income from entrusted management services	12,471	1.29%	14,102	0.80%	-11.57%
Other income (including income from advertising)	20,043	2.07%	20,038	1.14%	0.03%
<b>Total</b>	<b>966,196</b>	<b>100.00%</b>	<b>1,757,758</b>	<b>100.00%</b>	<b>-45.03%</b>

### 2. Profit before Interests, Tax and Administrative Expenses

During the Reporting Period, the Group’s profit before interests, tax and administrative expenses amounted to RMB495,568,000, representing an increase of 9.94% over the same period of 2008 (the same period of 2008: RMB450,769,000). After excluding the impacts on the increased Profit of RMB12,638,000 from making and adjusting provisions for maintenance/resurfacing obligations for the Reporting Period and those on the decreased Profit of RMB35,306,000 from making provisions for maintenance/resurfacing obligations for the same period of 2008, the Group’s Profit before interests, tax and administrative expenses would be RMB482,930,000, representing a decrease of 0.65% over the same period of 2008 (the same period of 2008: after excluding the impacts of the provisions for maintenance/resurfacing obligations, the Group’s profit before interests, tax and administrative expenses would be RMB486,075,000). Profit contributed by principal operations is as follows:

**Profit before Interests, Tax and Administrative Expenses (RMB in million)**



**2.1 Profit from Toll Highways Operated by the Group**

**Profit**

During the Reporting Period, profit from toll highways operated by the Group amounted to RMB264,840,000, representing a decrease of 0.61% YOY (the same period of 2008: RMB266,469,000), and an increase of 8.52% YOY after excluding the impacts of making and adjusting provisions for maintenance/resurfacing obligations. It was principally attributable to the new profit contribution from Nanguang Expressway and Qinglian Project.

Toll highway	Percentage of interests held	Toll revenue		*Operating costs		*Profit before interests, tax and administrative expenses	
		The Period (RMB'000)	Change	The Period (RMB'000)	Change	The Period (RMB'000)	Change
Meiguan Expressway	100%	139,145	-1.04%	30,489	-4.07%	104,623	-0.72%
Jihe West	100%	161,065	-5.65%	32,527	11.36%	123,864	-9.48%
Yanba Expressway	100%	34,505	13.90%	23,261	6.79%	10,263	32.85%
Yanpai Expressway	100%	61,550	-14.22%	26,213	0.74%	33,498	-23.38%
Nanguang Expressway	100%	44,164	91.99%	27,166	11.51%	15,618	N/A
Qinglian Project	76.37%	82,946	244.65%	54,475	101.58%	24,448	N/A
<b>Total</b>		<b>523,375</b>	<b>13.67%</b>	<b>194,131</b>	<b>21.20%</b>	<b>312,314</b>	<b>8.52%</b>

\* During the Reporting Period, profit before operating costs, interests, tax and administrative expenses excluded provisions for maintenance/resurfacing obligations to Jihe West, Yanba Expressway, Yanpai Expressway and Nanguang Expressway, which amounted to RMB20,870,000, RMB10,942,000, RMB10,505,000 and RMB5,157,000 respectively (the same period in 2008: excluding provisions for maintenance/resurfacing obligations to Jihe West, Yanba Expressway and Yanpai Expressway, which amounted to RMB10,804,000, RMB4,202,000 and RMB6,315,000 respectively). Details on making and adjusting provisions for maintenance/resurfacing obligations are set out in the description of "Operating Costs" and "Changes in Accounting Estimates" below.

**Toll revenue**

During the Reporting Period, the Group recorded toll revenue of RMB523,375,000, representing an increase of 13.67% over the same period of 2008, of which the main works for the reconstruction of Qinglian Class 1 Highway into an expressway had been completed and Qinglian Project resumed operation at the end of 2008. Therefore, the toll revenue of Qinglian Project during the Reporting Period increased by 244.65% over the same period of 2008. The main route of Nanguang Expressway was opened to traffic on 26 January 2008. Following gradual enhancement of road networks and sales and marketing work implemented by the Company, toll revenue of Nanguang Expressway increased by 91.99% over the same period of 2008. Nevertheless, impacted by factors including the slowdown in economic growth, toll revenue of the remaining toll highways recorded a decrease of 4.13% over the same period of 2008 in general, but has showed a trend of rebound in the second quarter.



The increase or decrease of the Group's toll revenue is principally determined by changes in traffic volume and average toll revenue per vehicle. Traffic volume of the Group's principal toll highways for the Reporting Period is set out in the section of "Business Review and Analysis" above. During the Reporting Period, impacted by a declining growth rate in China's economy and a decrease in export trade demand, traffic volume of heavy lorries on various toll highways operated by the Group decreased significantly, thereby leading to considerable decrease in average toll revenue per vehicle on various road sections. Nanguang Expressway recorded a rapid traffic volume growth caused by improvement in the functions of road networks. However, as the growth of small vehicles was much larger than that of heavy lorries during the Reporting Period, the average toll revenue per vehicle was lower than that of the same period of 2008.

Principal toll highway	Average toll revenue per vehicle*		
	The Reporting Period (RMB)	Change as compared to the same period of 2008	Change as compared to 2008
Meiguan Expressway	8.26	-3.39%	-3.28%
Jihe West	13.23	-6.17%	-4.48%
Yanba (A&B)**	11.33	-8.85%	-8.04%
Yanpai Expressway	11.47	-9.69%	-10.11%
Nanguang Expressway***	9.36	-14.68%	-13.17%

\* Average toll revenue per vehicle = Average daily toll revenue / Average daily mixed traffic volume

\*\* The average toll revenue per vehicle of Yanba Expressway does not include the tolls collectively paid by the government under an agreement for all vehicles travelling between Yantian and Dameisha Interchange.

\*\*\* Nanguang Expressway commenced toll operation on 26 January 2008.

### Operating costs

During the Reporting Period, operating costs for the Group's toll highways rose by 33.11% to RMB241,605,000 over the same period of 2008 (the same period of 2008: RMB181,501,000) and would have increased by 21.20% over the same period of 2008 after excluding the impacts of making and adjusting provisions for maintenance/resurfacing obligations. Qinglian Project recorded an increase of 101.58% in operating costs for the Reporting Period over the same period of 2008, primarily due to an increase in the operating costs such as the amortisation cost of concession intangible assets as a result of the reopening of Qinglian Class 1 Highway with a traffic volume growth. Given a longer operation period by approximately one month, the operation cost for Nanguang Expressway rose by 11.51% over the same period of 2008. The operating costs for other toll highways rose by 3.40% as compared to the same period of 2008. A detailed analysis of operating costs according to categories is as follows:

Operating costs item	The Reporting Period (RMB'000)	Proportion of total	The same period of 2008 (RMB'000)	Proportion of total	Change
Employee expenses	33,081	17.04%	25,576	15.97%	29.34%
Road maintenance expenses*	16,944	8.73%	21,172	13.22%	-19.97%
Depreciation and amortisation	119,521	61.57%	88,916	55.51%	34.42%
Other operating costs	24,585	12.66%	24,516	15.30%	0.28%
<b>Total</b>	<b>194,131</b>	<b>100%</b>	<b>160,180</b>	<b>100%</b>	<b>21.20%</b>

\* The road maintenance expenses excluded the provisions for maintenance/resurfacing obligations to Jihe West, Yanba Expressway, Yanpai Expressway and Nanguang Expressway.

The Group had made provisions for maintenance/resurfacing obligations to Jihe West, Yanba (A&B) and Yanpai Expressway in accordance with IFRIC 12 and the large-scale maintenance work plan for the Group's principal toll highways. Since 1 April, 2009, the Group made provisions for maintenance/resurfacing obligations to Jihe West, Yanba (A&B) and Yanpai Expressway in accordance with the revised maintenance/resurfacing plan and made provisions for maintenance/resurfacing

obligations to Nanguang Expressway in accordance with the approved large-scale maintenance work plan. As the expansion works on Meiguan Expressway was scheduled to commence while Qinglian Project was undergoing a period of reconstruction into an expressway, no provisions for maintenance/resurfacing obligations were made to these projects during the Reporting Period. Please refer to the description in the section of “Changes in Accounting Estimates” below for details on the changes in accounting policies and accounting estimates for provisions for maintenance/resurfacing obligations.

## 2.2 Share of Profit/Loss of Jointly Controlled Entities and Associates

During the Reporting Period, the Group’s share of Profit of jointly controlled entities and associates amounted to RMB213,830,000 (the same period of 2008: RMB149,205,000), representing an increase of 43.31% over the same period of 2008. Excluding the impact of the adjustment to the provisions for maintenance/resurfacing obligations to Jihe East, the Group’s share of Profit of jointly controlled entities and associates would decreased by 5.80% over the same period of 2008. During the Reporting Period, continuously affected by a declining macroeconomic growth, toll revenue from the toll highways operated by the Group’s invested enterprises saw a declining growth rate despite an overall growth. Meanwhile, impacted by the increases in operating costs, the investment income of the Company saw a slight decrease as a whole. A detailed analysis of share of profit/loss of jointly controlled entities and associates is as follows:

Principal toll highway	Percentage of interests held	Toll revenue		Operating costs of toll highways		Profit/loss attributable to the Group	
		The Period (RMB'000)	Change	The Period (RMB'000)	Change	The Period (RMB'000)	Change (RMB'000)
<b>Jointly controlled entities:</b>							
Jihe East	55%	211,565	-4.67%	*48,652	*17.43%	*69,344	*-9,493
Wuhuang Expressway	55%	194,986	5.68%	89,666	6.12%	43,508	1,539
Changsha Ring Road	51%	11,280	7.77%	10,517	1.20%	1,425	362
<b>Associates:</b>							
Shuiguan Expressway	40%	175,698	-2.02%	38,672	4.94%	35,001	-6,957
Yangmao Expressway	25%	180,184	1.70%	66,256	9.95%	13,748	326
Jiangzhong Project	25%	120,244	-0.98%	65,596	4.77%	-162	1,182
Nanjing Third Bridge	25%	118,798	-1.31%	47,073	-11.28%	-2,504	-574
Guangwu Project	30%	53,448	6.90%	23,081	2.40%	614	1,325
GZ W2 Expressway	25%	67,311	31.47%	36,684	22.92%	-9,673	1,060
Shuiguan Extension	40%	32,552	3.50%	14,356	5.77%	2,343	1,692
<b>Total</b>		<b>1,166,067</b>	<b>1.59%</b>	<b>440,553</b>	<b>6.14%</b>	<b>**153,645</b>	<b>-9,537</b>

\* Operating costs and share of profit attributable to the Group for Jihe East, the figures for the Reporting Period and the same period of last year exclude the provisions for maintenance/resurfacing obligations made and adjusted, and the corresponding figures affected. As expense for the planned the expansion work on Shuiguan Expressway and large-scale maintenance works on Wuhuang Expressway have already been included in entrusted management fees, and other highways are still in the preliminary phase of operation or such amounts are immaterial, no provisions for maintenance/resurfacing obligations to such highways were made.

\*\* Profit from Consulting Company of RMB73,000 (the same period of 2008: RMB7,000) was not included in the total profit/lose attributable to the Group for the Reporting Period.

## 2.3 Profit from Other Highway-related Businesses

### **Profit from construction services under concession arrangements**

During the Reporting Period, the Group recognised revenue and costs from construction services under services concession arrangements for Yanpai Expressway, Nanguang Expressway, Qinglian Project, Yanba C, Outer Ring Expressway and the expansion of Meiguan Expressway within the construction period, based on their completion percentages in accordance with the relevant requirements of IFRIC 12. The Group recognised profit from construction services based on the budgets of the

projects and reasonable estimates of profitability of the construction services. During the Reporting Period, due to surges in construction material prices caused increases in construction costs of various projects, the Company did not recognise profit (the same period of 2008: RMB9,632,000) from the construction services for the aforementioned projects. Detailed revenue from construction services is as follows:

Self-construction expressway	The Period (RMB'000)			The same period of 2008 (RMB'000)			Percentage of service completed	
	Revenue	Cost	Profit before tax	Revenue	Cost	Profit before tax	The Period	Cumulative
Yanpai Expressway	-	-	-	14,811	14,500	311	-	100%
Nanguang Expressway	60,320	60,320	-	90,030	87,068	2,962	1.05%	86.44%
Yanba C	1,047	1,047	-	125,265	123,415	1,850	5.03%	93.56%
Qinglian Project	337,696	337,696	-	1,033,088	1,028,579	4,509	9.43%	76.90%
Outer Ring Expressway	3,500	3,500	-	-	-	-	-	-
Expansion of Meiguan Expressway	7,744	7,744	-	-	-	-	1.46%	2.14%
<b>Total</b>	<b>410,307</b>	<b>410,307</b>	<b>-</b>	<b>1,263,194</b>	<b>1,253,562</b>	<b>9,632</b>		

#### **Profit from entrusted construction management services**

During the Reporting Period, no profit or loss from any entrusted construction management services was recognised by the Company, which is same as the same period of 2008. During the Reporting Period, the government's auditing work on the total costs for Nanping (Phase I) and the estimated budget for Wutong Mountain Project and the resumed section of Hengping Project had not been completed and thus the Company's original estimations for these projects remained unchanged and the Company did not recognise or predict any relevant gains during the Reporting Period. As the aggregated completion progress of Nanping (Phase II), Shenyun Project and Hengping Link Section was less than 50%, the results of the relevant services could not be predicted reliably. Since the Directors of the Company are of the view that future reimbursements of management expenses incurred are probable, the Company recognised revenue and costs for the Reporting Period based on actually incurred management costs of RMB2,458,000, RMB904,000 and RMB825,000, respectively. In addition, Longhua Extension of Longda Expressway was scheduled to start during the year. The aggregate preliminary management costs incurred for the Reporting Period amounted to RMB783,000, and the Company recognised revenue and costs based on actually incurred management costs.

#### **Profit from entrusted operation management services**

During the Reporting Period, pursuant to the terms of the entrusted operation management agreement, the Company recognised revenue of RMB7,500,000 from entrusted operation management services for Baotong Company and the equity interests in Longda Company held by Baotong Company and a relevant profit of RMB7,109,000 after deducting relevant costs.

### **3. Administrative Expenses and Finance Costs**

The Group's management costs for the Reporting Period increased by 52.98% to RMB26,604,000 (the same period of 2008: RMB17,391,000) year-on-year, which was mainly attributable to the increase in depreciation expenses for new office buildings and specific consultancy expenses such as those related to equity acquisition. The Group's finance costs for the Reporting Period increased by 13.80% to RMB133,482,000 (the same period of 2008: RMB117,293,000) or increased by 14.38% net of the increase in the relevant interest expenses caused by provisions for maintenance/resurfacing obligations made and adjusted as compared to the same period of 2008. During the Reporting Period, the Group's finance costs for the Reporting Period generally increased due to a rise in the expensed borrowing interests of Nanguang Expressway and Yanba C as well as a decrease in exchange gains, although rate of the bank borrowings declined year-on-year. A detailed

analysis of finance costs is as follows:

Item	The Period (RMB'000)	The same period of 2008 (RMB'000)	Change
Interest expenses*	240,581	193,860	24.10%
Excluded: interest capitalised	(119,448)	(80,290)	48.77%
Exchange gains and others	(567)	(8,163)	-93.05%
<b>Finance costs</b>	<b>120,566</b>	<b>105,407</b>	<b>14.38%</b>

\* Interest expenses exclude the discounted interests of RMB12,916,000 related to the provisions for maintenance/resurfacing obligations made for the Reporting Period (the same period of 2008 (restated): RMB11,886,000).

#### 4. Income Tax

During the Reporting Period, the Group's income tax expenses amounted to RMB19,220,000 (the same period of 2008: RMB27,071,000), representing a decrease of 29% as compared to the same period of 2008. Excluding the impacts of a decrease in the deferred income tax due to the provisions for maintenance/resurfacing obligations made and adjusted, the Group's income tax expenses would decrease by 2.98% as compared to the same period of 2008. The income tax rate applicable to the Company for the Reporting Period is 20% (the same period of 2008: 18%).

Pursuant to a notice received by the Company from Shenzhen tax authorities in February 2009, based on the results of special examination on the relevant local tax bureau in Shenzhen in 2008 conducted by the Shenzhen Finance Supervision Commissioner's Office of the Ministry of Finance, the Group shall pay further enterprise income tax of approximately RMB60,472,000 incurred from local financial subsidy income obtained in previous years. The amount attributable to the Group is RMB57,986,000. According to a written consultation document submitted to the tax bureau and the communications with the tax authorities, the Company recognised income tax liabilities of RMB39,236,000 in 2008, recognised the relevant deferred income tax assets of RMB25,313,000 based on the implied temporary difference of the further tax payment, and made upward adjustment to income tax expenses of RMB13,923,000 in 2008 accordingly. Since the amount of payment of further income tax had not been determined by the end of the Reporting Period, the Directors of the Company maintained the original judgments and estimates of the above-mentioned income tax liabilities for the Reporting Period. For details of payment of further enterprise income tax by the Group, please refer to the relevant statements in the financial statements of the Company for the year 2008.

#### 5. Amortisation Policies of Intangible Assets under Concession and the Differences under Different Amortisation Methods

The Group's intangible assets under concession recognised under IFRIC 12 are amortised based on the units-of-usage method which is the same as the method of depreciation for the fixed assets on toll highways in previous years, i.e. based on the units-of-usage method, where the amortisation amount is calculated by the percentage of the actual traffic volume in respective periods to the total projected traffic volume during the toll operating period. The Group conducted regular reviews on the projected traffic volumes and made corresponding adjustments to ensure reliability and accuracy of the amortisation amount.

As the toll highways operated and invested by the Group had not reached their designated saturated traffic volumes and certain toll highways are at preliminary stages of operation, the amortisation amount calculated by the units-of-usage method was lower than that calculated by the straight-line method for the Reporting Period. The amortisation difference under different amortisation methods attributable to the Group based on its share of equity interests was RMB95,798,000. With the growth in traffic volume on the various toll highways in future, the above difference will gradually decrease. The adoption of different amortisation methods had no impact on the cash flow generated from various toll highway projects and thus had no impact on the valuation of various projects. Data for reference calculated for various toll highways for the Reporting Period are as follows:

Toll highway	Percentage of interests held	Amortisation amount of operating rights (RMB million)			Amortisation difference attributable to the Company based on its share of equity interests (RMB million)	
		Units-of-usage method		Straight-line method**	The Period	The same period of 2008
		The Period	The same period of 2008			
<b>The Company and subsidiaries:*</b>						
Meiguan Expressway	100%	15	15	18	-3	-3
Jihe West	100%	14	15	14	0	0
Yanba (A&B)	100%	11	9	20	-9	-11
Yanpai Expressway	100%	11	14	23	-12	-9
Nanguang Expressway	100%	8	5	43	-35	-38
<b>Jointly controlled entities and associates:</b>						
Jihe East	55%	17	18	16	1	1
Shuiguan Expressway	40%	20	20	20	0	0
Wuhuang Expressway	55%	37	34	44	-4	-6
Changsha Ring Road	51%	6	6	9	-2	-2
Yangmao Expressway	25%	34	34	45	-3	-3
Jiangzhong Project	25%	41	41	64	-6	-6
Nanjing Third Bridge	25%	27	28	55	-7	-7
Guangwu Project	30%	14	13	29	-4	-5
GZ W2 Expressway	25%	14	11	55	-10	-11
Shuiguan Extension	40%	8	8	12	-2	-2
<b>Total</b>					-96	-102

\* Qinglian Project was undergoing a period of reconstruction into an expressway for the Reporting Period and the differences due to this project were not included.

\*\* Assuming the book values of the intangible assets be amortised evenly over the allowed operating periods granted by the concession grantors.

## (II) Analysis of Financial Position

### 1. Assets, Equity and Liabilities

The Group's financial position remains solid, with its assets comprising mainly intangible assets under concession in high-grade toll highways, as well as jointly controlled entities and associates investments. As at 30 June 2009, the Group's total assets amounted to RMB19,702,142,000, representing an increase of 7.88% as compared to the end of 2008 (as at 31 December 2008: RMB 18,263,578,000). The increase was primarily owing to increased investments in the remaining construction works of the reconstruction of Qinglian Class 1 Highway into an expressway and the construction of Nanguang Expressway and Yanba C, as well as increased payment for Coastal Expressway (Shenzhen Section) for the government. The completed section of Qinglian Project adopted expressway toll rates since 1 July 2009, and related works were treated as operating highway assets at the end of Reporting Period. With the completion and opening to traffic of the above-mentioned projects, the new operating assets accounted for nearly 50% of the total assets of the Company, and become important sources of profit growth for the Group in the future.

As at 30 June 2009, the Group's total equity amounted to RMB7,806,153,000, representing an increase of 0.7% over the end of 2008 (as at 31 December 2008: RMB7,752,141,000). This was mainly attributable to the increase in the net profit for the Reporting Period and the deduction of dividend distributed for 2008.

As at 30 June 2009, outstanding bills payable, bonds payable and bank loans of the Group amounted to RMB8,473,222,000, representing an increase of RMB436,524,000 over the end of 2008 (as at 31 December 2008: RMB8,036,698,000), of which Qinglian Project had used borrowings of RMB4.462 billion.

During the Reporting Period, the Group made adjustments to the provisions for maintenance/resurfacing obligations on principal toll highways based on the review of the highway maintenance/resurfacing plan and discount rate, which led to certain increase in assets and shareholders' equity of the Group, but had no material effect on the scale of total assets. Please refer to the description in the section of "Changes in Accounting Estimates" below for details. Principal items in the balance sheet is as follows:

Item	As at 30 June 2009 (RMB million)	As at 31 December 2008 (RMB million)	Change
<b>Total assets</b>	<b>19,702</b>	<b>18,264</b>	7.88%
Trade and other receivables*	1,106	324	241.70%
Property, plant and equipment	1,035	697	48.44%
Construction in progress	39	268	-85.32%
Intangible assets under concession	14,096	13,777	2.31%
Investments in jointly controlled entities and associates	2,606	2,478	5.20%
<b>Equity and Liabilities</b>	<b>19,702</b>	<b>18,264</b>	7.87%
Equity attributable to equity holders of the Company ("Shareholder's equity")	7,099	7,047	0.70%
Minority interest	707	705	0.32%
Other payables and accrued expenses*	2,715	1,736	56.44%
Borrowings**	8,378	8,023	4.43%
Provisions for maintenance/resurfacing obligations	365	304	19.86%
Other liabilities	438	449	-2.42%

\* As at 30 June 2009, the other payables included a loan of RMB1,190 million (as at 31 December 2008: RMB300 million) from Shenzhen Municipal Government through SIHCL for the construction of the Coastal Expressway (Shenzhen Section), and the other receivables included payments of RMB847 million (as at 31 December 2008: RMB121 million) paid by the Company for government for Coastal Expressway (Shenzhen Section).

\*\* The borrowings stated in the table include bank loans and bonds payable, but do not include bills payable.

## 2. Capital Structure and Debt Repayment Capability

	As at 30 June 2009	As at 31 December 2008
Debt-to-asset ratio (Total liabilities/Total assets)	60.38%	57.55%
Net borrowings-to-equity ratio ((Total amount of Borrowings - cash and cash equivalents) / Total equity)	98.67%	96.75%
	Jan~Jun 2009	Jan~Dec 2008
Interest covered multiple (profit before interests and tax / interest expenses)	1.84	1.82
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation / interest expenses)	2.34	2.27

As at the end of the Reporting Period, the Group's various financial leverage ratios marginally increased over the beginning of the year, mainly due to additional borrowings for investments in the projects under construction. As at 30 June 2009, net current liabilities of the Group amounted to RMB1,860,497,000. Given the Group's stable and robust operating cash flows, expected profit growth after the operation of new projects and appropriate financing arrangements made to meet the needs of debt repayment and capital expenditure, the Directors of the Company are of the view that the financial leverage ratios remained at safe levels as at the end of the Reporting Period.

## 3. Foreign-Currency Denominated Assets and Liabilities

All major operations of the Group are located in China, and the majority of the Group's operating payments and capital expenditures are settled in RMB. As at the end of the

Reporting Period, the Group had primarily RMB7,378,000 and RMB89,916,000 worth of foreign currency-denominated liabilities in US\$ and HK\$, respectively, while RMB2,229,000 worth of foreign currency-denominated assets were in HK\$. Foreign currency-denominated items were net liabilities after netting off. It is expected that the trend of exchange rate fluctuations of RMB under the current market conditions will have no substantial impact on the Group's results.

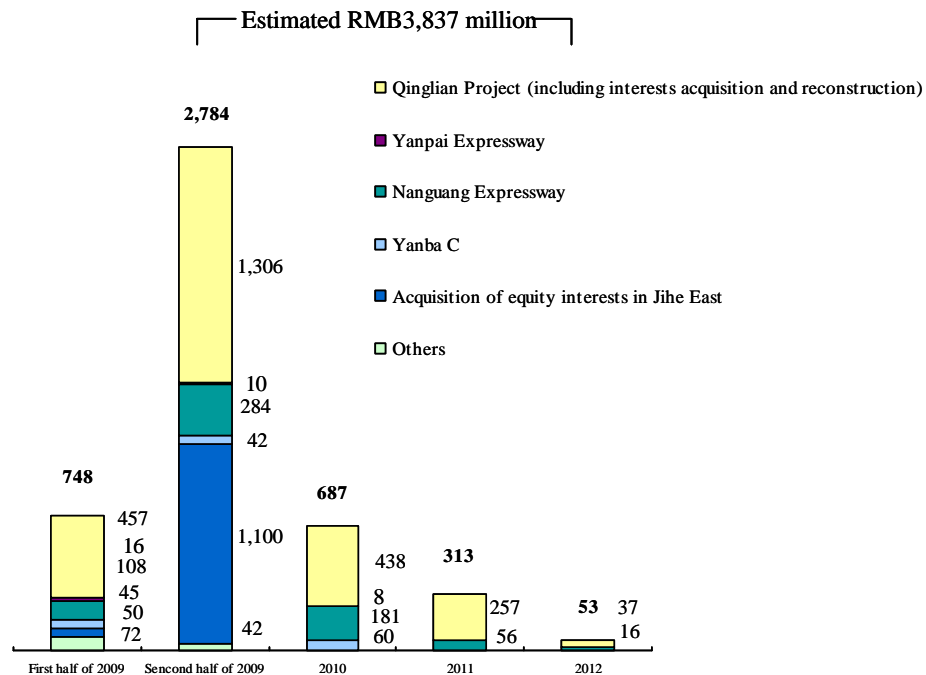
In June 2008, the Company applied to the bank for a loan of HK\$133 million with a term of 1 year and arranged forward transaction of foreign exchange for the principal and interests due upon maturity with the bank, with a view to locking the risks related to the fluctuation in exchange rate. The agreement had expired in June 2009 and the Company overall recorded profit through the period of the agreement.

### (III) Capital/Financing

#### 1. Capital Expenditure

During the Reporting Period, the Group's capital expenditures comprised mainly construction investments in the reconstruction of Qinglian Class 1 Highway into an expressway, Nanguang Expressway and Yanba C, totalling approximately RMB748 million. As at 30 June 2009, the Group's capital expenditure plan comprised mainly construction investments in the reconstruction of Qinglian Class 1 Highway into an expressway, Nanguang Expressway and Yanba C, and equity investment through acquisition of equity interests in Jihe East. It is expected that the Group's total capital expenditures will amount to approximately RMB3.837 billion by the end of 2012.

#### Capital Expenditure Plan (RMB million)



Apart from the aforementioned capital expenditures of the Group, in case the authorities of the Company finally approve the investment proposal on the expansion of Meiguan Expressway, the Group's planned total capital expenditures will increase considerably.

The Company plans to satisfy such capital needs with its own capital reserves and through borrowings. According to the Directors' estimates, the Group's financial resources and financing capability are sufficient for satisfying the needs of various capital expenditures.

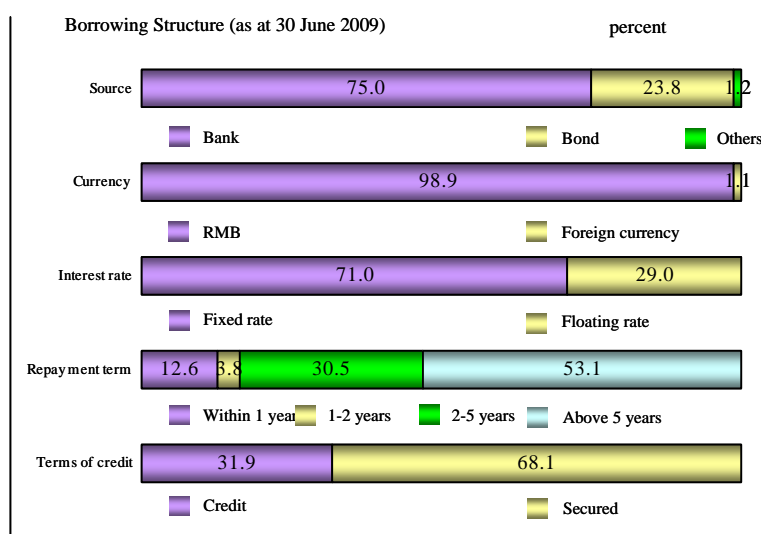
## 2. Operating Cash Flow

The toll revenue of the Group's principal toll highway operations is collected in cash, thereby giving a steady operating cash flow. As at 30 June 2009, the Group had RMB771,269,000 worth of cash and cash equivalents (as at 31 December 2008: RMB536,293,000). During the Reporting Period, the Group's net cash inflow from operating activities and cash return on investments totalled RMB701,191,000 (the same period of 2008: RMB489,513,000), representing an increase of 43.24% over the same period of 2008. After deducting the net amount of receivables and payables of RMB163,658,000 for local government for Coastal Expressway (Shenzhen Section), the Group's net cash inflow from operating activities and cash return on investments would increase by 9.81% over the same period of 2008, which was mainly due to the increases in traffic volume and toll revenue from new projects of the Group.

## 3. Financial Strategies and Financing Arrangements

In the first half of 2009, the PRC government continued to implement a moderately accommodative monetary policy, resulting in stable market interest rate environment and sufficient banking facilities. Nonetheless, given that the Company's capital expenditure has been peaking in recent years and the borrowing scale and gearing ratio have risen to quite high levels, as well as that gains from new projects and growth in cash flow require a certain maturity period, the Company continues its current financial strategies of "maintaining a reasonable and solid capital structure and ensuring a safe and abundant liquidity". On this basis, the Company will appropriately reduce financing costs, thereby increasing return on equity attributable to equity holders and preventing financial risks. During the Reporting Period, the Company was planning to issue considerable amount of financial instruments such as RMB-denominated bonds for the purpose of financing in addition to bank borrowings, with a view to improving the Company's debt structure. Currently, the related preparatory work is in progress.

During the Reporting Period, with stable debt structure and backed by its steady and sufficient cash flows and good reputation, the Company continued to attain the highest rating of AAA in Shenzhen credit rating for borrowing enterprises, and the highest rating of AAA in the follow-up rating for the bonds. The Company maintained good access to financing channels and continued to enjoy the most favourable rates under the interest rate policy of the People's Bank of China. The Company's composite borrowing costs amounted to 5.7% during the Reporting Period which is in line with the previous year.





As of 30 June 2009, the Group had obtained a total of RMB13.2 billion of banking facilities, including RMB6.6 billion of credit facilities specifically for projects under construction and RMB6.6 billion of general credit facilities. At the end of the Reporting Period, unutilised banking facilities available amounted to RMB6.8 billion, of which RMB1.9 billion was credit facilities specifically for projects under construction and RMB4.9 billion was general credit facilities.

#### **4. Changes in Accounting Estimates**

The Group has mechanisms to review the road maintenance plan formulated and the discount rate used to make provisions for maintenance/resurfacing obligations in order to maintain the reasonable and suitable accounting estimates relating to the provisions for maintenance/resurfacing obligations. The changes in accounting estimates are dealt with by the method of prospective application in accordance with HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

In the second quarter of 2009, the Company reviewed the road maintenance plan previously formulated based on the estimated maintenance cost and expected implementation time under the service concession for the principal total highways managed by the Group. Meanwhile, in response to the downward trend of market interest rate, the Company lowered the discount rate used to make provisions for maintenance/resurfacing obligations from 10% to 6.62%. Since 1 April 2009, the Group made the provisions for maintenance/resurfacing obligations based on the adjusted maintenance plan and discount rate.

It is expected that the above changes in accounting estimates would lead to an increase of approximately RMB19,546,000 in shareholders’ equity as at 31 December 2009, including approximately RMB47,681,000 attributable to the shareholders’ equity as at 30 June 2009, as well as an increase of approximately RMB19,546,000 in profit for the year 2009, including RMB47,681,000 attributable to the profit from January to June 2009, without overall material impacts on the total assets, financial conditions and profit of the Group for the Reporting Period and this year.

### **III. Outlook and Strategies**

As compared with the information disclosed in the 2008 Annual Report, at the present stage the Company is closely monitoring the possible effects on the Company of the following changes or developments:

- ◆ The State Council approved the Shenzhen Overall Comprehensive Reform Program, which identifies a new position for the cooperation between Shenzhen and Hong Kong – the joint establishment of a global financial centre, logistics centre, trade centre, innovation centre and centre of international cultural and creative industries. Such development will boost the regional economic and cultural exchange and development in Shenzhen, adjust the industrial structure of Shenzhen, and increase the trade volume between Hong Kong and Shenzhen, which will have positive effects on the future performance of the highway projects of the Company in Shenzhen.
- ◆ Since January 2009, the State has introduced the Auto Industry Revitalization Plan, which lowers the vehicle purchase tax for the purchase of low discharge passenger vehicles. The reduction in vehicle purchase costs promotes vehicle sales growth, and will in turn increase the population of expressway users.

- ◆ The relevant departments in Guangdong Province are working out a detailed proposal to waive the government debt-repaying Class II highway toll in the province by the end of 2012. The Company will monitor closely the implementation of the relevant policy and observe the impact of the Class II highway networks on the traffic volume in the region for which such policy was implemented, in order to formulate corresponding measures based on actual circumstances. In addition, as the differences in traffic environment, safety factor and unit oil consumption between Class II highways and expressways are relatively significant, the diversion effects on expressways are limited in the long term.
- ◆ During the Reporting Period, the domestic fuel price has been increased repeatedly, which will increase the costs of transportation enterprises and restrain demand for travel. The Company will strengthen its analysis and research on traffic flow composition and price elasticity of demand, closely follow up the effects of such factors on the existing operation projects of the Company, and formulate marketing strategies or traffic flow direction measures based on actual circumstances.

Under the effect of a series of policies promulgated by the government to boost the domestic demand and stimulate the economy, the PRC economy lodged an overall recovery trend. However, weak export and flat consumption level reflect insufficient momentum for continuous economic growth and the uncertainties of long-term macroeconomic development. As to changes in the external environment, the Company will continue to assess the effects of such changes on the operation and development of the Company and adopt effective and timely measures. In respect of internal management, the management will also conduct meticulous and continuous review of the asset quality of the Company, and the suitability of financial resources and management resources for development. The management will continuously optimize the asset structure, enhance the comprehensive management capacity and risk-resisting ability of the Company and promote the stable development of the Company.

#### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the Reporting Period, no listed securities of the Company were purchased, sold or redeemed by the Company, any of its subsidiaries or any of its jointly controlled entities.

#### **PROFILE OF SHAREHOLDERS**

As at 30 June 2009, the Company had 45,698 shareholders in total, including 300 holders of H Shares and 45,398 holders of domestic shares.

As at 30 June 2009, the top ten holders of non-restricted circulating shares of the Company based on the shareholders' registers supplied by the share registrars and the transfer offices of Hong Kong and the PRC were as follows:

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Type of shares</b>
HKSCC Nominees Limited (Note)	674,443,098	H Share
XTC Company	654,780,000	A Share
SGH Company	411,459,887	A Share
Huajian Centre	87,211,323	A Share
GDRB Company	61,948,790	A Share
Kingboard Investments Limited	30,982,000	H Share
Au Siu Kwok	11,000,000	H Share
Ip Kow	11,000,000	H Share
Kingboard Chemical Holdings Limited	6,936,000	H Share
CCB – Penghua Value Advantage Securities Investment Fund	6,001,272	A Share

Note: The H Shares held by HKSCC Nominees Limited were held on behalf of various clients.

## **EMPLOYEES, REMUNERATION AND TRAINING**

As at 30 June 2009, the Company and its wholly-owned subsidiaries had 1,502 employees, of whom 398 were management and professional staffs while 1,104 were toll collection staff.

The employee's remuneration and benefits of the Company comprise monthly salary, annual performance bonus and statutory and company benefits which are based on the principle of "salary is based on the individual position and changes with the position" and are determined according to the market value of the position and the overall performance of staff. Pursuant to statutory requirements, the Company has participated in an employee retirement scheme which is organised by the local government authorities, and has applied various protection plans such as basic medical insurance package, industrial injury insurance, unemployment insurance and child-bearing insurance for its employees. The Company values staff training. During the Reporting Period, the Company had organized training courses such as an excellent performance management, speech and presentation, risk management, planning and management of projects, training on marketing analysis and assets management for the toll station level, institutional publicity to toll employees, and so forth, with a total of 1,181 participants.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

During the Reporting Period, the Company has fully adopted and complied with the code provisions of the "Code on Corporate Governance Practices" as set out in Appendix 14 of the Listing Rules of HKEx. The Company is committed to maintaining a high standard of corporate governance. The current corporate governance practices of the Company have gone beyond the requirements of the aforesaid code provisions in certain aspects.

## **REVIEW OF INTERIM RESULTS**

The Audit Committee of the Company has reviewed and endorsed the Interim Results Announcement and the Interim Report for the six months ended 30 June 2009 and the relevant financial information has not been audited.

The auditor of the Company, PricewaterhouseCoopers, has performed a review on the interim financial information of the Group for the six months ended 30 June 2009 prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting", in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and a report dated 28 August 2009 was issued by them.

## DEFINITIONS

### 1. Names of Highway and Road Project

Changsha Ring Road	Changsha National Highway Ring Road (Northwestern Section), located in Hunan Province
Coastal Expressway (Shenzhen Section)	The Shenzhen Section of Guangshen Coastal Expressway (Huangpu, Guangzhou – Nanshan, Shenzhen)
Guangwu Project	The Ma'an to Hekou Section of the expressway from Guangzhou, Guangdong to Wuzhou, Guangxi (called Guangwu Expressway for short), located in Guangdong Province
GZ W2 Expressway	Xiaotang to Maoshan Section of national trunk highway Guangzhou Ring Road, also referred to as Guangzhou Western Second Ring Expressway, located in Guangdong Province
Hengping Project	Shenzhen Hengping Class 1 Highway (Western Section); after suspension in 2006, the two contracted sections resumed in February 2008 is called Hengping Resumed Section for short; and the link between Hengping Project and National Highway 205 is called Hengping Link Section for short
Jiangzhong Project	The expressway from Zhongshan to Jiangmen and the second phase of the expressway from Jiangmen to Heshan (called Jianghe Expressway for short), located in Guangdong Province
Jihe Expressway	The expressway from Shenzhen airport to He'ao in Shenzhen City, comprising Jihe East and Jihe West
Longda Expressway	The expressway from Longhua in Shenzhen City to Dalingshan in Dongguan City
Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City
Nanguang Expressway	The expressway from Xili to Gongming in Shenzhen City, also referred to as Liming Avenue
Nanjing Third Bridge	Nanjing Yangtze Third Bridge, located in Jiangsu Province
Nanping (Phase I), Nanping (Phase II)	Shenzhen Nanping Freeway (also referred to as Nanping Avenue) Phase I, main route of Nanping Freeway Phase II
Outer Ring Expressway	The Shenzhen Outer Ring Expressway
Qinglian Expressway	The expressway from Qingyuan to Lianzhou in Guangdong Province, which is an expressway reconstructed from the former Guangdong Qinglian Class 1 Highway
Qinglian Project	Guangdong Qinglian Class 1 Highway (Qingyuan - Lianzhou), and/or its being reconstructed into an expressway, and/or Qinglian Class 2 Road (Qingyuan - Lianzhou) (as the case may be)
Shenyun Project	The Shenyun-North Ring Interchange renovation project
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City, also referred to as the No.2 Longgang Passage
Shuiguan Extension	An extension to Shuiguan Expressway, Phase I of Qingping Expressway (the expressway from Yulongkeng to Pinghu in Shenzhen City, also referred to as Yuping Avenue)
Wuhuang Expressway	The expressway from Wuhan to Huangshi, located in Hubei Province

Wutong Mountain Project	Shenzhen Wutong Mountain Avenue (Ancillary Road) and Jihe Expressway Yantian Subsidiary Route Checkpoint Station Project
Yanba Expressway	The expressway from Yantian to Bagang in Shenzhen City, comprising Yanba A, Yanba B and Yanba C
Yangmao Expressway	The expressway from Yangjiang to Maoming, located in Guangdong Province
Yanpai Expressway	The expressway from Yantian to Paibang in Shenzhen City, also referred to as Yantian Subsidiary Route of Jihe Expressway

## 2. Enterprise Invested

Consulting Company	深圳高速工程顧問有限公司(Shenzhen Expressway Engineering Consulting Company Limited), a company incorporated in Shenzhen City with limited liability
Mei Wah Company	Mei Wah Industrial (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
Qinglong Company	深圳清龍高速公路有限公司(Shenzhen Qinglong Expressway Company Limited), a Sino-foreign joint-venture enterprise incorporated in Shenzhen City, which owns Shuiguan Expressway

## 3. Others

A Shares	Renminbi-denominated ordinary shares of the Company with a par value of RMB1.00 each, which were issued in the PRC and subscribed in RMB and are listed on SSE
Baotong Company	深圳市寶通公路建設開發有限公司(Shenzhen Baotong Highway Construction and Development Company Limited), which owns 89.93% interests in Longda Company, and is a wholly-owned subsidiary of Yibin Company
Board	The board of Directors of the Company
Bonds with Warrants	Convertible corporate bonds, in which bonds and subscription warrants are tradable separately
CAS	The Accounting Standards for Business Enterprises (2006) of the PRC
The Company, Company	Shenzhen Expressway Company Limited
Director(s)	The director(s) of the Company
The Group, Group	The Company and its subsidiaries
H Shares	Overseas-listed foreign shares of the Company with a par value of RMB1.00 each, which were issued in Hong Kong and subscribed in HK\$ and are listed on HKEx
HK\$	Hong Kong dollars, the lawful currency of the Hong Kong Special Administration Region of the PRC
HKEx	The Stock Exchange of Hong Kong Limited
HKFRS	Hong Kong Financial Reporting Standards
IFRIC 12	HK(IFRIC) - Int 12 “Service Concession Arrangements” issued by the Hong Kong Institute of Certified Public Accountants
Listing Rules	The Rules Governing the Listing of Securities on HKEx
Longda Company	深圳龍大高速公路有限公司(Shenzhen Longda Expressway Company Limited), which owns Longda Expressway

New Tax Law	《中華人民共和國企業所得稅法》(The Enterprise Income Tax Law of the People's Republic of China), which came into effect on 1 January 2008
PRC	The People's Republic of China excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
The Reporting Period, The Period	For the six months ended 30 June 2009
RMB	Renminbi, the lawful currency of the PRC
Shenzhen International	Shenzhen International Holdings Limited, whose shares are listed on the main board of HKEx, the controlling shareholder of 新通產實業開發(深圳)有限公司(Xin Tong Chan Development (Shenzhen) Company Limited) and 深圳市深廣惠公路開發總公司(Shenzhen Shen Guang Hui Highway Development Company), both of which are shareholders of the Company
SIHCL	深圳市投資控股有限公司(Shenzhen Investment Holdings Company Limited)
SSE	The Shanghai Stock Exchange
Yibin Company	怡賓實業(深圳)有限公司(Yibin Industry (Shenzhen) Company Limited), a wholly-owned subsidiary of Shenzhen International

By Order of the Board  
**Yang Hai**  
Chairman

Shenzhen, the PRC, 28 August 2009

*As at the date of this announcement, the directors of the Company are Mr. Yang Hai (Chairman of the Board), Mr. Wu Ya De (Executive Director and President), Mr. Li Jing Qi (Non-executive Director), Mr. Zhao Jun Rong (Non-executive Director), Mr. Tse Yat Hong (Non-executive Director), Mr. Lin Xiang Ke (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Lam Wai Hon, Ambrose (Independent non-executive Director), Mr. Ting Fook Cheung, Fred (Independent non-executive Director), Mr. Wang Hai Tao (Independent non-executive Director) and Mr. Zhang Li Min (Independent non-executive Director).*

*This Results Announcement, which has been published on the website of HKEx at <http://www.hkex.com.hk>, only gives a summary of the information and particulars contained in the full Interim Report of the Company. A detailed Interim Report containing all the information to accompany interim report required by Appendix 16 to the Listing Rules will be subsequently published on the website of HKEx at <http://www.hkex.com.hk> in due course.*